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SUBJECT: THE DIRECTOR'S MEETING WITH KMT SECRETARY GENERAL
KING PU-TSUNG

Classified By: Bill Stanton, AIT Director, for reasons 1.4 (b) and (d).

¶1. (C) Summary: Poor political judgment by the Ma administration was a key factor in Taiwan's inability to implement fully the bilateral beef protocol, KMT Secretary General King Pu-tsung told the Director on January 21. King agreed to work to lift Taipei city's anti-U.S. beef campaign, and said ordinary citizens' overwhelmingly positive view of the United States should help to turn the overall situation around. On domestic politics, King argued that recent KMT electoral losses will make the party stronger in the more important municipal elections in December and the 2012 Presidential campaign. End Summary.

Beef: "Poor Political Judgment" by Taiwan

¶2. (C) In hindsight, the Ma administration showed poor political judgment in its handling expanded market access for U.S. beef imports, KMT Secretary General King Pu-tsung told the Director during their January 21 introductory meeting. King, a close confidant of the President who assumed his position in late December, criticized both the timing of the government's announcement, which came in the run-up to hotly-contested local elections, and its lack of transparency in dealing with the Legislative Yuan (LY) and public throughout the process. The challenge now was to create conditions under which Taiwan could live up to as many of its commitments under the protocol as possible, King said. The first step should be to take advantage of the positive attitudes about the United States and U.S. products.

¶3. (C) Although it was useful to draw lessons from the episode, the Director stated Washington was most interested in seeing the protocol implemented fully, and in consumers and exporters seeing concrete benefits from expanded trade opportunities. Taiwan's inability to live up to the protocol had raised serious concerns within the U.S. administration and Congress, the Director confirmed, and would clearly affect how Washington looked at TIFA and future trade negotiations with Taiwan. That said, the U.S. administration had made clear that it did not want fallout from beef to spill over into other areas of the relationship such as arms sales. It was more difficult to predict the impact of Congressional dissatisfaction, the Director said, noting the need for Hill support on issues of great interest to

President Ma like Visa Waiver and extradition.

Ending Taipei City's Anti-U.S. Beef Campaign

¶4. (C) Although it was, relatively speaking, a sideshow, the Director said, it was very disappointing that Taipei city continued its blatantly campaign against U.S. beef, which visitors might easily interpret as motivated by anti-American sentiments. Continuing to urge restaurants and other food outlets to display a logo announcing they would not serve American ground beef and offal, even after the LY banned their importation into Taiwan, was gratuitous and unhelpful, the Director stressed. King agreed that, whatever the questionable merits of the city's original policy, the situation had now changed. Noting that he had close ties to Mayor Hau, King said he was optimistic that "something could be done" to address the Director's concerns.

Grassroots Support Key to Change

¶5. (C) As the administration and the KMT worked to improve party discipline, an essential precondition to resolving the issue, King urged U.S. beef exporters to work to change public attitudes. Specifically, he urged the U.S. government to endorse noted PR expert (Jerry) Fan Ke-ching's public relations plan. Fan's proposal to develop grassroots support for U.S. bone-in beef was the right approach, King suggested, but had, he understood, been put on hold based on U.S. industry concerns. (Note: The details of this plan have been presented to the beef industry only, although the U.S. Meat Export Federation has kept AIT well-informed of these contacts and its initial, cautious decision not to engage immediately. End note.) Large segments of Taiwan's public were comfortable with bone-in beef, King said, and once this was clear it would be easier to look at undoing the damage done by LY action. King also expressed confidence that demonstrating public support for bone-in beef would undercut the Taiwan Consumer Federation-led effort to put the entire protocol to a referendum.

Lessons for Dealing with China

¶6. (C) The lessons from beef were that it was important to be as transparent as possible and to face public concerns early, King stressed. President Ma remained committed to negotiating an Economic Cooperation Framework Agreement with the PRC, and would make sure that the LY and ordinary people understood both the benefits and the risks associated with pursuing closer economic ties with the mainland, as well as the dangers of not doing so.

KMT Paying Now to Improve Long-Term Prospects

¶7. (C) King described his main job within the KMT as ensuring the party's long-term vitality. To some degree, this required short-term pain, including the party's recent electoral reverses. He noted that two of the three seats up for grabs in January's LY by-elections were vacant because the KMT incumbents had been convicted of vote buying. By running "clean" but relatively unknown candidates in those races, the KMT suffered embarrassing defeats, but had improved the party's image and prospects ahead of the far more significant municipal elections in December and the 2012 Presidential race.

¶8. (C) The next test was to improve party cohesion, King continued particularly in advance of another set of LY by-elections in February. To this end, the KMT's recent success in physically overcoming DPP efforts to stop the amendment of the Local Government Act had boosted morale and reminded party members of the importance of discipline. Even if the KMT only won one of the four races at stake, it was more important to demonstrate unity. The real test, and the real reason he had been named Secretary General, was the 2012

Presidential election, King said. If KMT candidates won in three of the five municipal races in December 2010, it would be a sign that he and the party were on the right track.

STANTON